

MINUTES OF THE WORK SESSION MEETING OF
THE SPRINGFIELD CITY COUNCIL HELD
MONDAY, MARCH 7, 2005.

The City of Springfield council met in a work session in the Jesse Maine Meeting Room, 225 Fifth Street, Springfield, Oregon, on Monday, March 7, 2005 at 6:33 p.m., with Mayor Leiken presiding.

ATTENDANCE

Present were Mayor Leiken and Councilors Fitch, Ballew, Ralston, Lundberg, Woodrow and Pishioneri. Also present were City Manager Mike Kelly, Assistant City Manager Cynthia Pappas, City Attorney Joe Leahy, City Recorder Amy Sowa and members of the staff.

1. Funding of Capital Activity.

Technical Services Manager Len Goodwin presented the staff report on this item. The expanding list of capital infrastructure needs coupled with issues surrounding the revenue sources which fund those needs, have created concerns over the ability of the city to fulfill its capital program. In a series of work sessions staff will provide additional information on the subject to council and, following these sessions seek direction from council, particularly with respect to sanitary sewer and storm drainage local user rates and sanitary sewer and storm drainage Systems Development Charges.

Mr. Goodwin said this was the first in a series of work sessions on this subject. He referred to the Council Briefing Memorandum (CBM) that was included in the agenda packet. He noted that the charts in the CBM were on display on the wall. The question is whether or not the city should be concerned that the upcoming construction of infrastructure is exceeding the city's funds to pay for it. Springfield has a very large Capital Improvement Program (CIP) for a city of our size, totalling over \$21M over the next 5 years. The CIP is composed of a number of infrastructure improvements.

Mr. Goodwin said in a couple of cases in particular, the city faces challenges as the sources of revenue we rely upon to fund the capital expenditure are challenged and in trouble. He referred to the chart labeled Local Funding Matrix, which gives the overview of what the alternatives are for the city. There are three types of infrastructure systems: the transportation system, sanitary sewer system and storm drainage system. In each case, operations and maintenance, and to a large degree preservation, are funded from one source or each of those, basically user rates. He described the different sources of revenue and how they can and cannot be used. Some funds are restricted to specific areas. Transportation is not an issue because of the local fuel tax which has created a stable situation for now. There are, however, issues such as county funding, that could change that status in the near future. There are issues in the sanitary sewer and storm drainage systems. The city has an outdated master plan in regards to our sanitary sewer. An on-going study will show additional infrastructure the city needs to build. The storm drainage master plan is very outdated and will require additional infrastructure. For storm drainage, the city only has an improvement system development charge (SDC), not a reimbursement and an improvement SDC.

Mr. Goodwin referred to the chart titled Unmet Capital Needs. He discussed projects in the current CIP that would require an additional \$5M to complete. Those include the Martin Luther

King Jr. (MLK) Parkway sewer and the Glenwood area. Many of the projects in Glenwood would be funded through the Urban Renewal District tax increment financing, but some projects would need to be funded by the city. Future developments may also require city participation. The city has tried to encourage development when possible for the purpose of economic growth and activity, but that will continue to challenge the city in the next several years.

Mr. Goodwin said tonight's overview will be followed by additional work sessions on SDC's and sanitary rates. At the April 25 council meeting, staff will bring proposals to council on what the user rates in sanitary sewer and storm drainage might look like for the next year and the possibility of increases. There is a finite amount of money available from the rate payers and development community. If the city tries to increase the rates to a level higher than the community will tolerate, the city will not succeed. The city must look at balancing the needs of maintaining the systems we have, the needs of preserving the systems and building new facilities to meet the needs of growth. Staff will be looking for direction from council regarding how to proceed in these areas. He outlined some of the options and how those options relate to council goals. These are difficult questions and there will need to be a lot of discussion regarding this subject.

Councilor Pishioneri asked about Attachment A, page 3 which states "It does not include County, State and federal money that we might get to fund a project". He asked if the projection included any outside funds.

Mr. Goodwin said the CIP does include money the city will receive from the county for MLK Parkway and other funding sources. The city recently told the Roads Advisory Committee that we do not want capital funds for transportation, but want it for operations, maintenance and preservation (OM&P). There are always possibilities of sewer grants and loans, but these are not reliable for projections. The projection before council is the worse case scenario.

Councilor Lundberg asked that the Council Goals be included with the next work session packet regarding this subject. It is pertinent for the discussions and the decisions council will need to make.

Mr. Goodwin said he would include those goals in the March 14 and March 28 packets.

Councilor Ralston asked if the rates on the chart were current. He noted that Springfield's storm drainage rates are higher than most and the residential sewer rates are lower than most. He asked if Veneta and Creswell were higher because they recently had major upgrades.

Mr. Goodwin said that was correct.

Councilor Ralston asked if the Metropolitan Wastewater Management Commission (MWMC) had a major project in the near future, causing our rates to increase.

Mr. Goodwin said that was correct, but it would only cause a slight increase.

Environmental Services Manager Susie Smith said the MWMC had a large increase last year allowing them to keep increases for the next few years at a lower rate of approximately six percent. From a regional perspective, the sewer rates are still going to be very competitive. Other entities will be looking at new construction for facilities and will be making large increases.

Councilor Ralston asked if the city recently changed the SDC rate schedule.

Mr. Goodwin said local SDC's were last changed in 2000. Recently, council considered a recommendation from MWMC with respect to regional SDC's.

Councilor Ralston asked if any of the increases closed the gap on the deficit shown in the projection.

Mr. Goodwin said they do not.

Public Works Director Dan Brown said when the city updated the SDC's in 2000, storm drainage SDC's stayed the same because the city needed to update the master plan. The master plan will be updated towards the end of 2005. Once the master plan is complete, identifying capital projects to provide more capacity, the SDC's will need to be updated.

Councilor Ballew referred to the chart on Attachment A, page 6. She asked why the figures decreased as it went into the future.

Mr. Goodwin said the forecasting model used was projecting a reasonable chance of economic downturn in the next three to four years. The model is reasonably good, but it is very challenging. The model looks only at the underlying steady state small development that goes on and misses large projects such as Sony, PeaceHealth, Symantec, etc.

Mr. Kelly said this is a welcome problem. This council and previous councils have been focused on creating quality jobs and increasing economic growth. As each of those businesses and developments come in, they place demands on the system. The city has created very fair annexation agreements with developers, but there is still infrastructure and maintenance costs that are now exceeding the amount of revenue that our existing funding sources have in place. Springfield has been successful in attracting people and businesses. The issue now is whether or not to take care of our own and raise rates modestly or raise rates and use bond issues to keep up with obligations. The problems are because Springfield has been successful and these are not insurmountable problems. Staff will be presenting options to council in the coming weeks.

Councilor Fitch said this is a fun problem. The city has a system that is aging and needs repairs and replacement. This is more of a balance between what is new and what needs to be preserved and finding how to adjust that to be fair and equitable. She said she would be looking to Councilor Ballew as the representative to MWMC to give the council an idea of how the region is addressing this problem.

Councilor Ballew said Springfield has been on track with the MWMC to a degree. The MWMC has spent a lot of time on the issue with citizen advisory committees.

Ms. Smith said regarding the balance of maintaining the old and building the new, Springfield, Eugene and MWMC are joined as one in managing this problem. The wet weather flow management plan that everyone adopted looked at the most cost effective approach to optimizing how much rehabilitation is done on the existing system and how much capital is needed to build to convey and treat to the plant. That plan has been agreed upon by both cities and the MWMC.

Councilor Fitch said it speaks to the bigger issue of allowing growth and development in the urban growth boundary (UGB). For all of the citizens to enjoy the open spaces and the greenway

outside of the UGB, the city needs to look at developing within. She discussed the costs related to Coburg wanting to be included in the MWMC.

Councilor Pishioneri asked if the six percent regional rate increase would be passed on to the citizens. Ms. Smith said that was correct. He discussed the current regional cost and the six percent increase on that figure. At this time Springfield is close to average regionally if Veneta and Creswell are excluded. He asked if Eugene would also have increases.

Ms. Smith said Eugene is looking at least at an inflationary increase this year on their local rates. There will be increases in cities with discharges to the Willamette. Salem has been in the newspaper regarding their increases and many other cities will be increasing.

Councilor Ballew said she feels that Eugene's rates are less because they have a larger tax base.

Councilor Pishioneri asked why Creswell wasn't listed as having storm drainage.

Mr. Goodwin said it was because Creswell does not have storm drainage.

Ms. Smith said Salem does not have storm drainage fees, but uses General Funds to pay for storm drainage. Other cities do the same.

Mayor Leiken said Hillsboro is good city to use as an example. Hillsboro went through a large amount of growth over the last twenty-five years, and it would be good to find out what they did to address these issues. Another community that has experienced a lot of growth over the last twenty to twenty-five years is Bend/Redmond.

Mr. Goodwin said staff has not made those comparisons in the past, but they are now looking at making those comparisons.

Mayor Leiken said we need to compare ourselves as Springfield is today and in the future, a growing community. He said he would like to consider forming a Solid Infrastructure Citizen Advisory Committee (CAC) including people such as Fred Simmons and Jim Daubenspeck. The CAC should include people from the federal side, the state side and local. He referred to the Oregon Department of Transportation being involved.

Mr. Goodwin said if council determines there is additional information they would like staff to include in the upcoming work sessions, to let him know.

ADJOURNMENT

The meeting was adjourned at 7:03 pm.

Minutes Recorder – Amy Sowa

Sidney W. Leiken
Mayor

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Attest:

Amy Sowa
City Recorder